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SEPTEMBER 20, 1991

Is Market Expansion on The Retreat?

Does the RV industry still support a coordinated industrywide market-expansion program? Or, in tight economic times, has it lost its fervor for elaborate all-industry marketing campaigns?

It might look as if the industry is cutting back in terms of market expansion, a concept which gained popularity in 1985 and 1986. Gone is the high-profile fund-raising campaign through which monies were channeled to a variety of programs by RVIA. Special "advertorial" sections in *USA Today* and celebrity spokespersons for the industry have gone by the wayside, too. And, although RVDA plans to aggressively expand the National RV Open House promotion in 1992, participation in the 1991 open house – under RVIA sponsorship last spring – was a disappointment.

Market-expansion advocates, on the other hand, don't see any retreat. They view the current market-expansion strategy as a natural "shifting of gears" when business realities dictate a less-aggressive approach. They see market expansion maturing to become a "mainstream" RVIA budget item rather than a new concept promoted with lapel badges on the floor of the Louisville Show.

"I would say that the market-expansion program is going to still be very aggressive, but it will probably be somewhat lower profile (in 1992)," explained RVIA President David J. Humphreys. "As far as RVIA is concerned, I would say we are shifting from our commitment to National RV Open House

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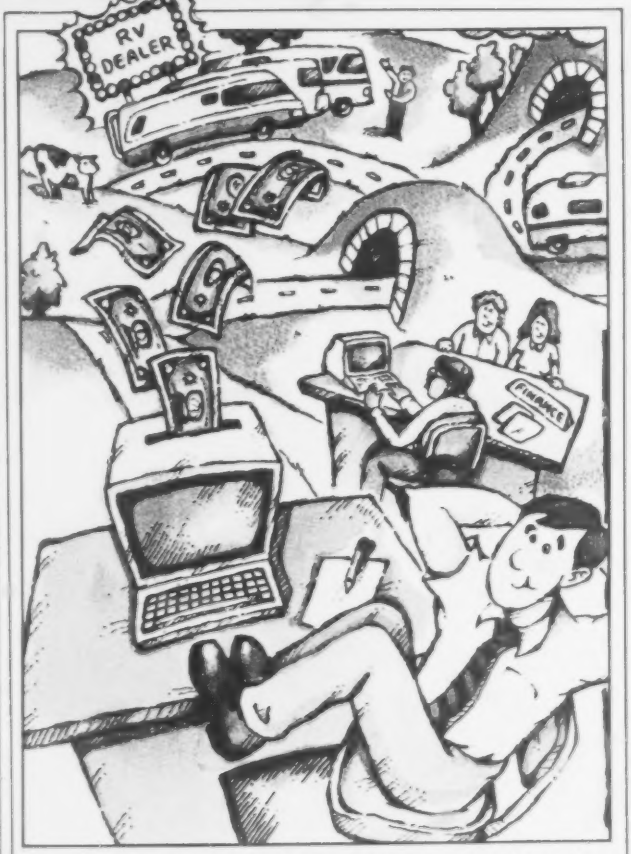

THE COMPUTERIZED MANAGER: RVDA's Convention/Expo features computerized management exhibits and seminars (see page 26). Dealers discuss software on page 35.

Industry Focuses on Highway Bill's Gas Tax, Scenic Byways Programs

Recreation leaders are urging the industry to take a stand in congressional debate on a $100 billion Highway Transportation Bill (HR 2950), which contains several provisions with a direct impact on the RV industry.

According to Jerome C. Loftus, general counsel for RVIA, the most critical element in the House version of the highway funding bill is a proposed 5-cent-a-gallon gas tax that comes on the heels of a 5-cent hike in the federal gas tax, which was implemented in last fall's budget bill.

Loftus said that RVIA is urging its membership to "voice strong opposition" to this new gas-tax hike because the estimated $6.8 billion in revenue that would result would be nullified by the House bill's provisions for "special demonstration projects" in some states – mainly California, New Jersey and Pennsylvania – which would have little national significance.

Putting it more bluntly, Derrick Crandall, president of the American Recreation Coalition (ARC), characterized the proj-

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8 Chevy Reins In '92 Pricing Of RV Chassis

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Top Quality Dealers ____ 31
Sketches of the five finalists in the new Top Quality Dealer Program highlight the qualities that distinguish these outstanding retailers. All five will be honored at the RVDA Convention/Expo, where the No. 1 Top Quality Dealer of the Year will be announced.

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COVER ILLUSTRATION: DOUG BOWLES

SHIPMENTS CONTINUE EXPANSIONARY PATH

MORTON J. MARCUS

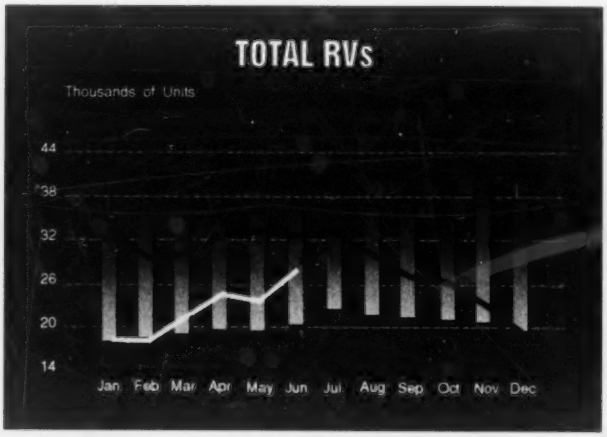

Figure 1

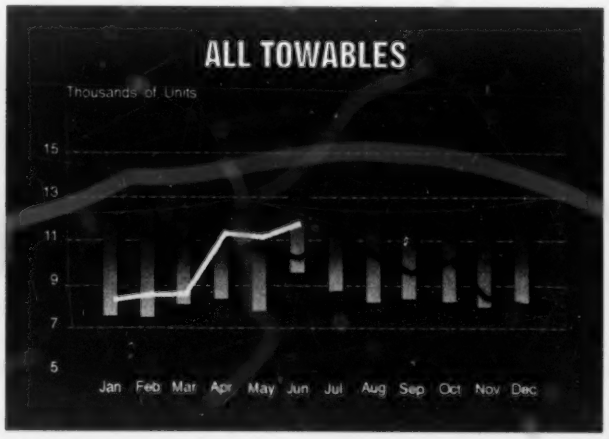

Figure 2

1981-90 Shipment's Range
1990 Monthly Shipments
1991 Monthly Shipments

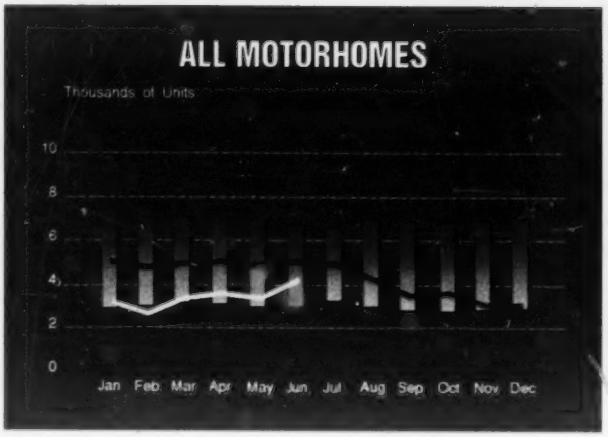

Figure 3

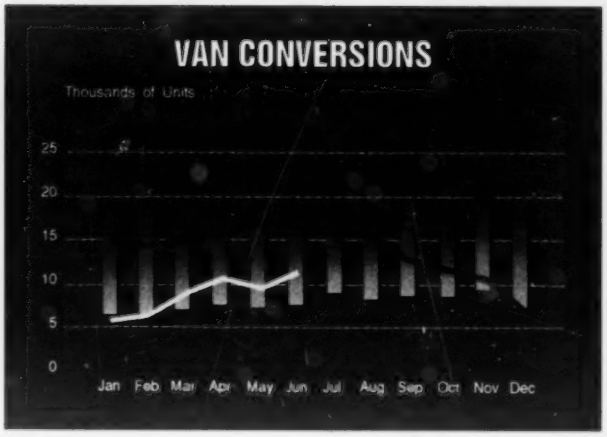

Figure 4

With the news from Moscow and other foreign capitals the focus of attention, George Bush seems to have little time for the domestic front. Well, neglect is often better than too much attention.

And at least, we can give Bush some encouragement at home. The latest shipment data from RVIA, when adjusted for normal seasonal patterns, scored another impressive gain. In June, total shipments exceeded 28,000 units. This was the highest level since last August, when Iraq invaded Kuwait.

Not only is the recession over for the RV industry, the recovery may be nearly complete as you read this. Whoa . . . I know that Nervous Ned is running to the telephone to call a friend saying, "I just read it in *RV Business:* The economic recovery is over. Didn't I tell you? Sell everything!"

Sorry, Ned. You got it wrong. First, we're talking about the RV industry, not the national economy. The two are related, but not identical. Second, the end of the recovery is not a signal of disaster. Only television newscasters believe that.

Business cycles usually have three distinct phases: recession, recovery and expansion. The recession is that period when economic activity is going down; in the re-

covery, activity increases and returns to its previous, pre-recession high. After that milepost is reached, the recovery is over, but the expansion, going on to new heights, can continue for years.

The June RV shipment data indicate that the recovery's end is not too far away. Figure 1 shows the low reached in January of 1991, when just 17,500 units were shipped, representing a decline of about 15,500 units from the preceding January.

With the recovery bringing us back to more than 28,000 units, total shipments recovered 12,500 units from the low. Two-thirds of the loss was wiped out. It is as if we went 100 miles out of our way and then returned to within 33 miles of where we were at the start. We are not back yet, but it is getting comfortably close.

Towables are the major sector closest to achieving a state of recovery. As Figure 2 indicates, towables, at 11,630 units shipped in June, were at their highest level in well over a year. After a loss of nearly 4,000 units from the peak in January of 1990 to the bottom a year later, the June figures represented a recovery of 73%. Other major sectors did not perform as well.

Figure 3 shows that the upward momentum of motorhome shipments resumed in June. However, this June's total was 1,000 units away from the monthly peak hit last June. Only 62% of the fall was regained.

The same story for van conversions, but with a weaker result, is found in Figure 4. Their upward direction was reaffirmed in June, but the recovery was only 55% complete. Monthly volume must rise by nearly 5,000 units before we can look to new heights for the economic expansion.

The Detailed View

Regular readers of this monthly report in RVB will notice that something is almost completely absent from Figure 5: the minus signs. We had fewer minus signs in June than seen in over a year.

June did have a decline in conventional travel trailers, but the other two losses, compared with a month earlier, equaled just 20 units each, which could be no more than a statistical bleep. When a comparison is made with the same month a year ago (the right-hand side of Figure 5), the number of negative signs have diminished sharply from earlier in 1991. Here the problem is clearly that van conversions had not recovered fully and were 4,200 units behind the month of June 1990. Add in that motorhomes were not performing as well as a year ago, and it is evident why the gains by towables were wiped out in the totals.

The disappearance of minus signs did not reach epidemic proportions in Figure 6. Only one RV type showed a cumulative figure in advance of 1991 year-to-date. Folding camping trailers, following a strong upsurge in June, moved out beyond where they were for the first six months of 1990. Other types of towables reduced their year-to-date deficits and were in range of reaching parity with a year ago.

The next milepost analysts will look forward to seeing the industry achieve is the elimination of the year-to-date deficits. In the case of towables, this is feasible and probable. For motorhomes, it is questionable. For van conversions, it is unlikely to be among the successes when the final story of 1991 is written. Δ

RV SHIPMENTS—MONTHLY COMPARISONS

(Adjusted for seasonal variation)

Type of Units	Jun. '91	Change from May '91 Number	Change from May '91 %	Change from Jun. '90 Number	Change from Jun. '90 %
TOTAL RVs	28,030	3,430	14.0	-4,110	-12.8
Travel Trailers:					
Conventional	4,390	-290	-6.3	10	0.2
Park Models	840	280	50.4	240	40.7
Fifth-wheels	2,530	90	3.9	290	12.8
All Travel Trailers	7,760	80	1.1	540	7.5
Folding Camping Trailers	3,150	410	15.1	680	27.7
Truck Campers	710	-20	-2.2	-160	-18.1
TOTAL TOWABLES	11,630	480	4.3	1,070	10.1
Motorhomes:					
Class A	2,190	250	12.7	-890	-28.8
Class B	300	-20	-6.9	-150	-33.4
Class C:					
Minis	1,470	360	32.1	300	25.7
Low-Profiles	0	0	63.4	-110	-100.0
Micro-minis	200	120	163.2	-90	-32.3
Class C Total	1,670	480	40.4	100	6.2
TOTAL MOTORHOMES	4,160	700	20.4	-940	-18.4
TOTAL TOWABLES & MOTORHOMES	15,790	1,190	8.1	130	0.8
Multiuse Van Conversions	12,250	2,250	22.5	-4,230	-25.7

Note: Data rounded to nearest 10 units.

Figure 5

RV SHIPMENTS—ANNUAL COMPARISONS

(Adjusted for seasonal variation)

Type of Units	Year-to-Date 1991	Year-to-Date 1990	Difference Number	Difference %	% Market Share 1991	% Market Share 1990
TOTAL RVs	134,750	191,290	-56,540	-29.6	100.00	100.00
Travel Trailers:						
Conventional	22,990	27,030	-4,040	-14.9	17.06	14.13
Park Models	3,320	3,660	-340	-9.2	2.47	1.91
Fifth-wheels	12,970	15,310	-2,340	-15.3	9.63	8.00
All Travel Trailers	39,290	46,000	-6,710	-14.6	29.16	24.05
Folding Camping Trailers	16,720	16,350	370	2.3	12.41	8.55
Truck Campers	4,500	5,010	-510	-10.1	3.34	2.62
TOTAL TOWABLES	60,520	67,360	-6,840	-10.2	44.91	35.21
Motorhomes:						
Class A	10,940	16,920	-5,980	-35.3	8.12	8.85
Class B	1,950	3,000	-1,050	-34.9	1.45	1.57
Class C:						
Minis	5,960	7,500	-1,540	-20.6	4.42	3.92
Low-Profiles	90	410	-320	-78.6	0.07	0.21
Micro-minis	1,020	1,690	-670	-39.8	0.75	0.88
Class C Total	7,060	9,600	-2,540	-26.4	5.24	5.02
TOTAL MOTORHOMES	19,960	29,520	-9,560	-32.4	14.81	15.43
TOTAL TOWABLES & MOTORHOMES	80,470	96,880	-16,410	-16.9	59.72	50.65
Multiuse Van Conversions	54,280	94,410	-40,130	-42.5	40.28	49.35

Note: Data rounded to nearest 10 units; market-share percentages may not add to total because of rounding.

Figure 6

MAY STILL TRAILS 1990, BUT SALES ARE IMPROVING

THOMAS WALWORTH

While RV-trailer sales year-to-date were down 14.3% as of May, when compared with sales in the same period of 1990, this nevertheless represented an improvement over April's 16.8% year-to-date deficit for RV-trailer sales. In the motorhome arena, year-to-date sales data in May were down 34% when compared to the first five months of 1990, but this was still better than April's 37.3% year-to-date shortfall.

Sales dropped by 1,174 units, or 8.8%, in the RV-trailer market in May 1991 compared with May 1990. This decline of 8.8% was, however, smaller than the 10.96% drop of April 1991 from the previous April. Listed in Figure 1 *(see page 22)* are seven national regions ranked by their percent of change in RV-trailer sales from May of 1990.

The West North Central region led the country, with Missouri showing the region's largest gain. The trailing Northeast region recorded the largest May loss in Vermont.

Year-to-date, RV-trailer numbers for the month revealed a market dip of 14.3%, which translated to a 6,967-unit drop. The nation's seven regions are ranked in Figure 2, based on their percent of change in sales from the same period of 1990.

Missouri led the West North Central region to the top of the chart, while the Northeast region recorded the lowest figures, with New Hampshire having the largest decline in that region.

The motorhome market was down by 23.6% during the month of May 1991, moving 1,176 units less than in the same month of 1990. However, the monthly decline was better than the 33.1% deficit of April sales compared with 1990. Figure 3 ranks the seven national regions according to their percent of change in motorhome sales between May of 1990 and May 1991.

Ranked highest was the Pacific region, with California experiencing the largest gain. At the same time, the Northeast came in last, with New Jersey suffering the largest decline for May.

Year-to-date sales in the motorhome industry were down 34% in May 1991, which accounted for a 7,105-unit decline from

East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin; **Mountain**: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming; **Northeast**: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont; **Pacific**: Alaska, California, Oregon, Washington, Hawaii; **South Atlantic**: Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia; **West North Central**: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota; **South Central**: Texas, Oklahoma, Arkansas, Louisiana, Tennessee, Mississippi, Alabama.

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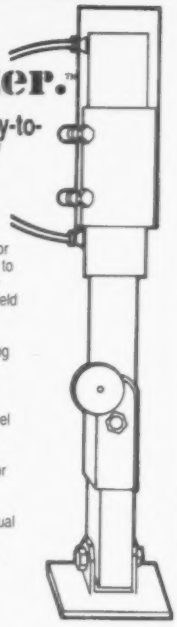

The Equalizer is a semi-automatic, four-point hydraulic leveling and stabilizing system for your RV. The Equalizer is easy to install and has proven itself time and time again during rigorous field use.

Unlike systems that must swing free to retract, the Equalizer's powerful hydraulic action keeps you from getting hung up in soft asphalt or soft ground. The swivel foot adjusts to uneven surfaces.

Lighted switch lets the operator know when system is on.

Control panel features individual rocker switches for each leg (extend/retract) as well as an "all retract" feature.

If you forget to retract the system, the Equalizer will flip up without causing damage to the system—or your RV.

The Jack Company

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AT RETAIL *continued*

1990. The nation's seven regions are listed in Figure 4 based on their year-to-date percent of change in motorhome sales from the same period of 1990.

The strongest performance, year-to-date, in motorhome sales was logged in the Pacific region, where California scored the greatest increase. The Northeast region again witnessed the largest drop, with New Jersey trailing the rest of the region.

This article delivers a bad-and-good news report. The bad news is that the RV-trailer and motorhome markets were still below last year's levels for both the month of May and year-to-date. This was tempered by the good news that the gap existing between the 1991 market and last year's market continued to narrow. Δ

RV TRAILERS, MAY '91

May '91 Rank	Region	% of Change From May '90	Apr. '91 Rank
1	W.N. Central	2.0	2
2	E.N. Central	−2.2	1
3	Pacific	−5.1	7
4	Mountain	−9.6	3
5	S. Atlantic	−13.7	5
6	S. Central	−15.5	4
7	Northeast	−15.9	6

Figure 1

RV TRAILERS, YEAR-TO-DATE

May '91 Rank	Region	% of Change Year-to-Date	Apr. '91 Rank
1	W.N. Central	−4.5	1
2	E.N. Central	−5.2	2
3	Mountain	−14.6	4
4	S. Atlantic	−15.5	3
5	Pacific	−16.4	6
6	S. Central	−16.7	5
7	Northeast	−23.3	7

Figure 2

MOTORHOMES, MAY '91

May '91 Rank	Region	% of Change From May '90	Apr. '91 Rank
1	Pacific	−9.5	2
2	S. Atlantic	−24.8	7
3	S. Central	−25.1	5
4	E.N. Central	−28.6	1
5	Mountain	−34.4	4
6	W.N. Central	−37.3	3
7	Northeast	−37.4	6

Figure 3

MOTORHOMES, YEAR-TO-DATE

May '91 Rank	Region	% of Change Year-to-Date	Apr. '91 Rank
1	Pacific	−26.1	2
2	W.N. Central	−29.7	1
3	E.N. Central	−33.2	3
4	Mountain	−34.8	4
5	S. Central	−36.4	5
6	S. Atlantic	−43.4	7
7	Northeast	−44.1	6

Figure 4

Thomas Walworth is general manager of Statistical Surveys Inc., Grand Rapids, Mich., which has reported retail statistics for 30 years to the RV industry. Statistical Surveys is an acknowledged leader in the RV statistical field.

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☐ **A. RV Dealer**
1st ____ 2nd ____ 3rd____
a. Motorhomes and/or Mini Motorhomes
b. Travel trailers or fifth wheelers
c. Folding camping trailers
d. Van conversions
e. Truck campers
f. Pick-up covers or caps
g. Park models
h. RV parts, supplies and accessories
j. Service and repairs
k. Rentals
m. Truck/4wd and other vehicles

☐ **B. Auto Dealer**

☐ **C. Manufacturer of:**
1st ____ 2nd ____ 3rd ____
a. Motorhomes
b. Travel trailers or fifth wheelers
c. Folding camping trailers
d. Van conversions
e. Truck campers
f. Pick-up covers or caps
g. Park models

☐ **D. Supplier/Manufacturer of RV parts (OEM or aftermarket)**
☐ **E. Wholesaler/Distributor**
☐ **F. Manufacturer's representative**
☐ **G. Financial or insurance institution**
☐ **H. RV campground**
☐ **J. RV park developer**
☐ **K. RV trade association**
☐ **L. Government or education**
☐ **M. RV Transport Company**
☐ **N. Consultant to RV Industry**

☐ **Z. Other** _____ (Please specify)

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☐ b. General and Plant Ma...s
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